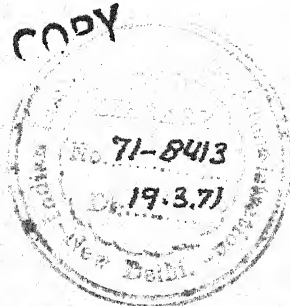


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RATIONALE OF THE INDIAN FINANCIAL YEAR

K. L. Handa

THE Administrative Reforms Commission* in their report on Finance, Accounts and Audit have recommended a revision of our financial year. This change has been advocated by a body especially constituted for the purpose of suggesting reforms in the public administration of the country. It is not, however, for the first time that such an issue has come up for consideration before the Government of India. This topic has been a subject of controversy for over a century. At different times, different suggestions have been made by different parties. In this article, an attempt has been made to trace the history of the controversy for a change in the financial year. Pros and cons of the various alternatives suggested from time to time have also been discussed. Further, efforts have been made to analyse the implications of discarding the present financial year, with a view to arriving at a balanced and well-considered conclusion.

HISTORICAL PERSPECTIVE

Pre-Independence Period

The rationale of our present financial year has been a subject of debate ever since it was adopted by the Government of India in 1866†. In 1869, at the instance of the Secretary of State, the question of

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*The Administrative Reforms Commission was set up through a Government Resolution dated 5th January, 1966, to examine the public administration of the country and to make recommendations for reforms and reorganization where necessary.

†Till then the financial year followed by the Government of India commenced on 1st May and ended on 30th of April. This was probably to suit the commercial considerations of the time when the commencement of the South-West monsoon would bring to a close, on the 30th of April, the shipping season in India. In their report of the 7th of September, 1864, the Commissioners of Inquiry into Indian Accounts considered, *inter alia*, the question of fixing a suitable date for the commencement of the Indian financial year. In addition to the official budget year, there were at that time a number of other financial years being followed by various sections of the community in India. The Bengal Year commenced in the middle of April, the Fusli Year commenced around the 10th of June, the Madras Fusli Year commenced around the 1st of July and besides, there were some other traditional years. Some of the princely states had their own

making the financial year coterminous with the calendar year came up for consideration before the Government of India. In view of the anticipated inconveniences and difficulties involved in such a change, the Government decided against any revision of the financial year. The question of a change was mooted again by Welby Commission* in 1900 and by Maharaja of Darbhanga in 1908. On both the occasions, the Government of India decided to retain the *status quo*.

The issue was raised again in 1914 by Chamberlain Commission†. While referring to the difficulties of accurate budgeting in India, the Commission pointed out that the then existing financial year was not a suitable period for preparing budget estimates. It suggested that the financial year should commence on the 1st of November or the 1st of January. No action could, however, be taken by the Government of India on the recommendation of Chamberlain Commission owing to outbreak of First World War in 1914. The Government, therefore, postponed consideration of the matter. Later, in 1921 the question of revision of the financial year was raised by Sir Dinshaw Wacha who suggested calendar year for adoption as the official budget year‡. This time the Government of India referred the matter to Provincial Governments, the Chambers of Commerce and some other professional bodies in the country to elicit their views and suggestions.

While an overwhelming majority of Provincial Governments were opposed to any revision of the financial year, the commercial opinion in the country was divided on the issue. After considering the various viewpoints on the subject, the Government of India decided against any revision of the budget year. Again the question of a change in the financial year became live for a while in March 1926

budget years, e.g., Travancore-Cochin had the Malayalam Year commencing around August/September and Hyderabad the Fusli Year commencing around the 1st of October. Also, the calendar year and the British practice of following a budget year from April 1 to March 31, were known. However, the consideration of having uniformity between the Indian and British Accounts weighed heavily with the Commissioners of Inquiry. They also favoured fixing a financial year which should be for universal adoption throughout India. The Government of India, after considering the various alternatives, decided on a budget year from April 1 to March 31, in conformity with the British practice.

*Royal Commission on the Administration of the Expenditure of India, otherwise known as the Welby Commission.

†Royal Commission on Indian Finance and Currency, popularly known as the Chamberlain Commission.

‡Sir Dinshaw Wacha in his letter of April 15, 1921, addressed to Sir William Winston, Member of the Viceroy's Executive Council, made a suggestion that the Government of India should adopt the calendar year for closing of accounts as was the practice prior to 1861.

when Sir Arthur Froom made a suggestion in the Council of State that the budget year should be coterminous with the calendar year. The Government of India, however, preferred to continue with the existing system. In 1927, the matter was reconsidered at the suggestion of Shri Vidya Sagar Pandya, a member of the Central Legislature, when again the Government of India decided in favour of retaining the existing financial year.

Post-Independence Period

The issue of revision of the financial year remained dormant thereafter till it was revived after Independence by some influential persons and public bodies. Shri Yodh Raj, the then Chairman of the Punjab National Bank, suggested in 1952 that the budget year should commence from the 1st of November.* He thought that the results of the south-west monsoon, which was the dominant factor in the economic situation of India, could be gauged better after October. The then Finance Minister of the Government of India, however, felt that there was no sufficient justification for a change. Later, a non-official resolution, brought before the Indian National Congress session at Kalyani in 1954, sought a change in the financial year. It suggested that it might be helpful to have it from 1st of July. Such a financial year, according to the resolution, would provide a better understanding of the effects of south-west monsoon before passing the budget. Also, it would be suitable to the members of legislatures who would find it convenient to tour their constituencies before the rains. The then Prime Minister of India, Shri Jawaharlal Nehru, took personal interest in the matter which was carefully considered by the Union Cabinet. The Cabinet, however, came to the conclusion that there was no need for a change in the financial year. The question cropped up again at the meeting of the National Development Council held on the 21st of January, 1956, when the Government explained the case in detail. This development was followed up immediately by the Chief Minister of U.P. who suggested a revision of the financial year to October-September period and made a reference on the subject to the Union Finance Minister in May 1956. The Chief Ministers of West Bengal and Kerala, who also wanted a change in the budget year, raised the issue in 1968. They wanted the year to commence from the 1st of October. The whole matter, therefore, was reconsidered by the Government of India. As a result, the Union Finance Minister sent a note, in May 1958, to all Ministers of Finance in the States, discussing the matter in all its aspects and suggesting that in view of the anticipated difficulties

*Shri Yodh Raj made this suggestion in his speech accompanying the balance sheet and profit and loss account of the bank for the year ending 31st December, 1951.

and dislocations involved in such a change, the balance of advantage would be in maintaining the *status quo*.

The Estimates Committee (1957-58) in their 20th report¹ pointed out various defects of the present budget year. According to them, the existing budget period was responsible for the late start of public works. Under the present arrangements, soon after the expenditure sanctions reached the executing agencies, monsoon would break in most parts of the country rendering it difficult to start construction of the budgeted works. These works could be started only after the rains were over. The Estimates Committee recommended a re-examination of this matter and suggested that the various difficulties could be overcome by changing the financial year to commence on the 1st of October. The Government of India, however, thought that the time was not opportune for making a change in the financial year. The matter was subsequently pressed by the Finance Minister of Assam in his reference to the Union Finance Minister in October 1959, when he stressed the need for changing the financial year. He wished the year to commence on the 1st of July. The Union Finance Minister, however, repeated the earlier argument by saying that the time was not opportune for such a change. Four years later, the Panel on Public Works Administration of the Committee on Plan Projects took up the issue in their report² and stated that the commencement of the budget year on the 1st of April affected the speed of works because of the monsoon season coming in immediately after the preparatory work for works projects was complete. They recommended that with a view to ensuring a more even distribution of works throughout the year, the budget year should be changed to commence on the 1st of July. This suggestion was submitted for consideration to the Committee on Administration³ which in February 1964 came to the conclusion that on balance there would be no advantage in making a change in the existing financial year.

Some other critics of the present financial year also say that the delayed execution of public works under the existing system results in rush of expenditure towards the end of the year leading to surrender of sizable funds and stoppage of work at the close of the financial year. They, therefore, advocate suitability of the 1st of July as a date for the commencement of the budget year on grounds of efficacy of

¹ Cf. Estimates Committee, 1957-58 (Second Lok Sabha), 20th Report on Budgetary Reforms, New Delhi, Lok Sabha Secretariat, paras 36-40.

² Report of the Panel on Public Works Administration, 1963.

³ Committee on Administration, (composed of senior Government of India Officials) Minutes of the Meeting held on the 3rd of February, 1964.

performance. Under the suggested system, they argue, the expenditure sanctions for works projects would percolate down to the field authorities sometime by August. The executing agencies would take further time for completing the formalities, like calling for tenders, approval of contracts, ordering of stores, purchases, so on and so forth, and would be ready by the end of September for starting the construction. They would thus have utilized the rainy season for going through the various formalities associated with works projects and could launch upon the execution part of it by October. Therefore, on starting the construction, the executing agencies would have uninterrupted working period, extending from October to May or June, at their disposal, which at present is broken up by the existing budget year resulting in dislocation of work.

The Planning Commission in their Draft Outline of the Fourth Five Year Plan have suggested reconsideration of the matter and have observed as follows:

“In this connection, the bearing of the present fiscal year on the annual budget and the annual plan may also be mentioned. The fiscal year ends before the agricultural picture for the preceding year as a whole can be gauged. Work on the annual plan has to be undertaken before the outlook for the *Kharif* harvest can be assessed. It would be useful to examine afresh in the light of present needs suggestions made on several occasions in the past for a review of the existing fiscal year.”⁴

Recent Developments

The Administrative Reforms Commission constituted by the Government of India and its Study Team on Financial Administration have, in their reports, dwelt at length on the subject of revision on the Indian financial year. The Study Team, which had the benefit of the views of a good number of senior officers from Union and State Governments and of knowledgeable persons from outside Government, came across sharply divergent views on the issue of changing the financial year. Those in favour of retaining the *status quo* thought that there was no particular advantage to be gained by disturbing the existing arrangements. Others wanting a change, could not agree on any one alternative date which would best suit Indian conditions. They were, however, unanimous in holding that the budget year adopted should be uniform both for the Union and the States. Different

⁴ Planning Commission, *Fourth Five Year Plan—A Draft Outline*, New Delhi, Manager of Publications, Government of India, 1966, p. 156.

sections amongst them advocated different dates for the commencement of the financial year, namely, the 1st of July, the 1st of October or the 1st of November, and the 1st of January. After analysing the various suggestions, the Study Team came to the conclusion that none of the solutions offered would reconcile all the criteria mentioned for better budgeting, *i.e.*, the budget having : (i) accuracy of revenue estimates, (ii) accuracy of expenditure estimates, (iii) efficacy of performance, and (iv) budget timing to suit convenience of legislators and administrators. The Study Team, therefore, observed:

“Since no one solution reconciles all these, what particular balance of advantage should be regarded as justifying a disturbance of the *status quo* with its attendant disadvantages? We have considered these questions and feel that, if the *status quo* is to be changed, the balance of advantage would lie in favour of 1st October, more especially from the point of view of performance on which we lay emphasis throughout this report.”⁵

The Administrative Reforms Commission, which subsequently considered the matter was somewhat categorical in their recommendations. They observed as follows:

“The Financial Year starting from the 1st of April is not based on the customs and needs of our Nation. Our economy is still predominantly agricultural and is dependent on the behaviour of the principal monsoon. A realistic financial year should enable a correct assessment of revenue, should also synchronize with a maximum continuous spell of the working season and facilitate an even spread of expenditure. For centuries, people in India have become accustomed to commence their Financial Year on the *Diwali* day. This practice has its roots in their way of life. The business community and other sectors of society start on the *Diwali* day with the feeling that they have finished with the old period of activity and have embarked upon a new one. It is, therefore, appropriate that the commencement of the Financial Year should be related to *Diwali* and, in order to prescribe it in terms of a fixed date, we have recommended that the 1st of November should begin the Financial year.”⁶

The Commission also thought that a budget year commencing on the 1st of November would be better suited for the transaction of parliamentary business.

⁵ Administrative Reforms Commission, *Report of the Study Team on Financial Administration*, New Delhi, Manager of Publications, Government of India, 1967, p. 21.

⁶ Administrative Reforms Commission, *Report on Finance, Accounts and Audit*, New Delhi, Manager of Publications, Government of India, 1968, p. (ii).

Others who advocate the 1st of October or the 1st of November for commencement of the financial year argue that the effect of south-west monsoon which is responsible for over 90 per cent of the total annual rainfall in India would be known by September, providing a good picture of the coming *Kharif* crop. Also, this knowledge would facilitate an intelligent guess of the effects of the rainfall on the *Rabi* crop. A budget commencing on the 1st of October or the 1st of November, therefore, would reflect a realistic picture of the coming agricultural production and of the industrial and commercial activities dependent thereon. Also, the government staff engaged in the preparation of budget would find the monsoon months comparatively easier for this type of work than the preceding hot summer months.

The issue of revision of the financial year was also considered by the National Development Council at its meeting held in April 1969. The Council was generally in favour of retaining the *status quo*. The matter was thereafter considered by the Government of India, which decided to continue with the existing financial year.

FINANCIAL YEARS OF SOME OTHER COUNTRIES

It may be of interest to talk at this stage about the financial years followed by various countries of the World. The practice of having the budget year coterminus with the calendar year is followed by:

Algeria, Argentina, Austria, Belgium, Bolivia, Brazil, Bulgaria, Cambodia, Chile, Colombia, Congo, Costa Rica, Cuba, Cyprus, Czechoslovakia, Dominican Republic, Ecuador, El Salvador, Finland, France, Federal Republic of Germany, German Democratic Republic, Greece, Guatemala, Guyana, Honduras, Hungary, Iceland, Indonesia, Jordan, Lebanon, Liberia, Malawi, Malaysia, Mexico, Morocco, Netherlands, Nicaragua, North Korea, North Viet-Nam, Norway, Paraguay, Peoples' Republic of China, Peru, Poland, Portugal, Rumania, Singapore, South Korea, South Viet-Nam, Spain, Syrian Arab Republic, Switzerland, Trinidad and Tobago, Tunisia, Uruguay, U.S.S.R., Venezuela, Western Samoa, and Yugoslavia.

There are other countries which, like India, follow a budget year from 1st of April to 31st of March. These are:

Barbados, Botswana, Canada*, Denmark, Iraq, Ireland, Israel, Jamaica, Japan, Kuwait, Lesotho, Libiya, Malta, New

*In Canada, the date for commencement of the financial year has undergone successive changes from the 1st of January to the 1st of July. It is now the 1st of April.

Zealand, Nigeria, South Africa, Swaziland, and the United Kingdom.

The following are some other countries which follow a budget year from the 1st of July to the 30th of June:

Australia, China (Taiwan), Ghana, Italy, Kenya, Laos, Mauritius, Norway, Pakistan*, Philippines, Sierra Leone, Sudan, Sweden, Tanzania, Uganda, the United Arab Republic, the United States of America, and Zambia.

There are some countries which have their budget year commencing on the 1st of October. They are:

Burma, Ceylon, Haiti, and Thailand.

There are still some other countries which have different periods for their budget years, namely:

Afghanistan (the 21st of March to the 20th of March); Ethiopia (the 8th of July to the 7th of July), Iran (the 21st of March to the 20th of March), Nepal (the commencement date is around 16th July), Turkey (the 1st of March to the 28th of February), and Saudi Arabia (the 15th of October to the 14th of October).

It is, thus, apparent that the practice regarding the budget year varies widely amongst the various countries of the world. There does not seem to be anything like a principle which can be deduced from the practice in other countries. It appears more a matter of historical development than anything based on definite criteria.

Incidentally, it may be mentioned here that the United Nations Organization has adopted the calendar year for its financial year.

A CRITIQUE OF THE VARIOUS ALTERNATIVES

From the study of the history of suggestions for revision of the financial year, it appears that the Government of India have been favouring the *status quo* all along. On the other hand, suggestions for a change in the budget year have almost been coming up throughout the last century. These suggestions contained a few alternatives for overcoming the difficulties said to be inherent in the present budget

*Pakistan changed its financial year to July-June in 1962. Till then its budget year commenced from the 1st of April like that of India.

period. These alternatives were that the financial year should commence from : (i) the 1st of July, (ii) either the 1st of October or the 1st of November, and (iii) the 1st of January. It may, however, be noted that the advantages claimed in favour of each of these alternatives have been vigorously disputed.

The view that a budget year commencing on the 1st of July would enable to have better knowledge of the prospects of south-west monsoon, has been seriously contested. It is said that in this case the budget would be presented to the legislatures sometimes towards the end of May or in early June. To keep to this timing, the budget will have to be prepared in the months preceding June. It would, thus, not be possible to know the behaviour of the south-west monsoon at the time of preparing the budgets. The south-west monsoon breaks over the Arabian coast about the beginning of June (say in the first week) and reaches West Bengal by about the 10th of June. Other places in Western and Northern India get monsoon rains still later. There is, therefore, hardly any question of gauging the effects of south-west monsoon on *Kharif* crop before presentation of budget. Moreover, the States in southern India, like Tamil Nadu, would have objection to the adoption of any budget year which does not take into account the North East monsoon, extending from October to December, the knowledge of which is important for their revenue estimation. Also, legislators may not relish such a change as otherwise they would have to transact legislative business relating to budget during the hot months of May to July. Moreover, it would mean a lot of inconvenience to the Government staff engaged in the strenuous work of budget preparation because such work in that case would have to be done during the months of April to June—the hottest months over the greater part of the country.

The gains enumerated in commencing the financial year on the 1st of October or the 1st of November have also been disputed. It is maintained that the detailed budget processes would remain the same whatever be the date for the commencement of the budget year. If the financial year starts from the 1st of October, the budget would have to be presented to the legislature a month before, i.e., by the end of August or beginning of September. The work of budget preparation would be carried out in the months still preceding, i.e., July and August. Therefore, at the time of framing the budget, the south-west monsoon would not be over, and the amount of rain yet to fall in the later period would not be known. It would, thus, be comparatively difficult to assess correctly the prospects of *Kharif* crop and to make realistic estimates of revenue. Even if the commencement

date for the budget year is pushed by one month to the 1st of November, the position would not be very much different. In this case, the budget would be presented to legislature towards the end of September and prepared a couple of months before that. Therefore, at the time of formulation of the budget, behaviour of the late monsoon, especially the rains of the crucial month of September, would not be known.

There is another factor militating against the choice of either the 1st of July or the 1st of October or the 1st of November as the commencement date for financial year. A large number of companies have their accounting years coterminous with the calendar year. Many others follow the official budget year (April to March) as their financial year. The existing taxation laws relate the assessment of the present year to the income of a company's current accounting year. Those companies which have already coincided their accounting years with the official budget year find it easier to know about their tax liability at the very start of their accounting year. Many other companies which have their accounting years coterminous with the calendar year come to know of their tax liability soon after the start of their accounting period. If the commencement date for the official budget year is shifted to the 1st of July or the 1st of October or the 1st of November, the corporate sector would remain in suspense for a longer period regarding their tax liability. In such a situation, companies might find it necessary to change their accounting years to synchronize with a change in the official financial year. This would involve lot of complications for the corporate sector.

Those who advocate the 1st of January as the most suitable date for commencement of the budget year argue that under such a system it would be possible to incorporate in the budget complete information about the results of *Kharif* crop. Also, bulk of winter rains would have fallen by that time indicating the prospects of *Rabi* crop thereby further facilitating estimation of revenues. It is further argued that since most of the companies have their accounting years starting from the 1st of January, making the official budget year coterminous with the calendar year would be found suitable by the corporate sector. But there are equally strong arguments against adopting the 1st of January as the date of commencement of financial year. It is not correct, it is argued, that such a budget year would allow an accurate assessment of revenues from *Rabi* crop dependent on winter rains extending from October onwards. The budget in this case would be prepared during October and November and presented towards the end of November, by which time the character of winter rains would not be fully known. Such a change would also result in losing a considerable portion of the

best working season in communicating expenditure sanctions to the field authorities after the passing of the budget, and a further loss of time by these authorities in completing the preparatory work connected with the execution of the projects. It has further been argued that such a change would make the budget year end in the middle of busy working season. This may cause dislocation and inconvenience to the Public Works and Survey Departments as such a system would divide their expenditure into two financial years right in the middle of their outdoor operations.

Evaluation

It was a matter of historical development that the present financial year came to be adopted in conformity with the British practice. Whatever may be the rationale behind the British practice,* we have to consider the contemporary conditions and needs of our country while thinking of an alternative budget year. The considerations of better predictability of revenues, sound estimation of expenditure, efficacy of performance, convenience of legislators and government staff, etc., are all important. However, we have, at the same time, to keep in view that a revision of the budget year would involve many difficulties and dislocations in the existing arrangements. Prudence, therefore, demands that in whatever we decide and act upon, the balance of advantage should be in our favour.

As is clear from the earlier paragraphs, no one alternative suggested for the commencement of the financial year, i.e., the 1st of July, the 1st of October or the 1st of November and the 1st of January, ensures fulfilment of all the desired criteria, even if such an alternative is considered from the point of view of any one particular State. Considering alone the criterion of predictability of revenues, we find that no single alternative budget year allows the various states a realistic assessment for both *Kharif* and *Rabi* crops. If a particular budget year makes it possible to know about the behaviour of south-west monsoon before framing estimates of revenues, it may not do so for the winter rains leaving the estimates of revenues from *Rabi* crop to a complete guess work. It may be relevant to point out that *Rabi*

*The earliest available British financial records reveal that till 1751-52 each year's public accounts were made up to September 29 and thereafter till 1800 they were made up to October 10. The Finance Accounts of 1800-1 were prepared up to January 5. In the Year 1832, the annual supply grants began to be voted for the year ending March 31 and the budget was presented for the year up to April 5, 1833. The Finance Accounts were, however, made up to January 5th, till 1854. In 1854, the Public Revenue and Consolidated Fund Charges Act directed that the Finance Accounts should in future be made up to 31st March each year. The date of 31st March has since then remained as the end of financial year in the United Kingdom.

crop is financially more important for some of the states in northern India.

Whereas the behaviour of monsoon is of vital interest to most of the States, it may not be so for Assam, where rains are relatively assured and what concerns the State most is the occurrence of floods both from the point of view of estimating revenues as also framing estimates of expenditure. For such a State, therefore, that budget year might be more suitable which allows sufficient knowledge of the extent of floods (ranging from May to the end of October) for making realistic assessments of revenues and of demands for expenditure for relief and rehabilitation works consequent on the devastation caused by floods. It would, thus, be difficult to reconcile the interests of the various States of India on any one alternative date suggested for the commencement of the budget year. But, for obvious reasons, we must have a uniform financial year for the Union Government and the State Governments.

Again, knowledge of the behaviour of monsoon in the estimation of revenues, though important, has assumed a different complexion in the present times. It is true that despite the construction of a number of major and minor irrigation projects, generation and distribution of increasing amounts of electricity for energising tubewells and introduction of fertilizers, the role played by rains is still very important in our agricultural situation. Also, the important bearing the agricultural production has upon industrial and commercial activities cannot be denied. Nevertheless, we cannot, at the same time, ignore taking cognizance of the dwindling significance of land revenue in State budgets and of the pattern of taxation at the Centre. Also, economic activity is developing more and more around industries other than those agrobased, which account for a good portion of State revenues.

It may be urged that any change in the existing budget year would upset past accounts and vitiate all statistical comparisons. The resulting confusion would necessitate increase in staff to cope up with the extra work. Also, it may become necessary to revise the various codes, manuals, rules and forms which would entail a considerable strain on the administrative machinery. A change in the financial year may also necessitate breaking up of the annual periods of the current Five Year Plan which is likely to result in considerable confusion. The example of the partition of the country, in August 1947, may be cited to indicate how the break-up of one financial year into two accounting periods created such difficulties which took many years

to clear. Also, the accounts of a number of States were thrown into confusion at the time of the reorganization of states which took effect in November 1956 during the course of the financial year.

This is, however, not to make out that the problems and difficulties associated with the revision of the financial year are insurmountable. We have had in the recent past the decimal system of coinage and the metric system of weights and measures introduced in our country. The difficulties of the transitional period have been met successfully. Similarly, it should be possible to overcome the difficulties and dislocations in the accounting, statistical, and administrative fields, which may be caused by a revision of the financial year. But the pertinent question is, whether all the trouble taken would be worth the advantages expected from such a change? The present financial year which has the merit of long usage may not be discarded merely on academic arguments. Instead, account has to be taken of practical considerations. It may be mentioned that accurate budgeting and its efficient execution may not flow only from the period of the budget year. The principles of performance budgeting, if properly observed, may help in curing many of the existing maladies. The system of performance budgeting makes it imperative that the administrative authorities, before preparing the budget estimates, plan their activities efficiently in the light of their organizational goals and objectives. The activities are budgeted not on *ad hoc* basis but on proper phasing and scheduling of work. There exist proper norms, yardsticks and standards, evolved on realistic parameters to facilitate framing of estimates. In the budget implementation stage, account is taken not only of the progress of expenditure but also of physical achievements which are systematically reported upon and reviewed for deciding the future course of action. A performance-oriented system of financial control and delegation of powers may also play an important role in timely, economical and efficient execution of projects. Therefore, the present-day difficulties arising because of loose budgeting and inefficient post-budget implementation may not be ascribed to the period of the budget year.

Moreover, in certain respects, the criticism against the present budget year has been overdone. It is not quite correct to say that the existing period of the budget year is entirely responsible for lapse of funds and stoppage of work on the closing of the financial year. It is well known to the executing authorities that provision for works in progress would invariably be made in the budget for the ensuing financial year. There should, therefore, be no question of such works being stopped on the last day of the financial year.

In the case of new schemes, however, it is a matter of administrative efficiency that they are incorporated in the budget after proper preparation and due scrutiny, and expenditure sanctions are conveyed to the concerned authorities expeditiously to enable them to start execution of works without loss of time. If, on the other hand, such schemes are put in the budget without adequate details and without the required pre-budget scrutiny, some time is bound to be lost in going through the various formalities of getting expenditure sanctions for starting execution of works. Also, the criticism against the present budget year that it does not permit a realistic assessment of *Kharif* revenues has to be moderated by the fact that it does provide a good indication of revenues from *Rabi* crop. Regarding the needs of the legislators to tour their constituencies before the rains, it should not be difficult to make adjustments in the existing budget session so as to leave sufficient fair-season period, before the monsoon, free to the legislators to go around in their constituencies.

CONCLUSION

A revision of the present financial year is beset with dislocations in statistical, accounting and administrative fields. Though these difficulties are not insurmountable, the advantages to be gained from any such change may not compensate for all the troubles taken and the problems faced. Moreover, different States of India view differently the suitability of various alternatives to their respective climatic and other conditions. It is not possible to reconcile the interests of all the States to any one alternative budget year. It is, however, accepted by all concerned that we should have a uniform budget year both for the Union and the States. In the circumstances, therefore, the best course to yield optimum results would be to retain the existing financial year.

